

220 CMR 7.00: RESIDENTIAL ~~AND COMMERCIAL~~ ENERGY CONSERVATION  
SERVICE PROGRAM COST RECOVERY

Section

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7.01: Definitions

Under 220 CMR 7.00, the following words and phrases shall have the following meanings, unless the context requires otherwise:

Department, The Department of ~~Public Utilities~~ [Telecommunications and Energy](#).

Municipal Load Aggregator, [a municipality or group of municipalities establishing a load aggregation program under M.G.L. c. 164, §§ 134\(a\) and \(b\).](#)

Person, any individual, partnership, corporation, trust association, utility, agency, or any political subdivision of the Commonwealth.

Ratepayer, any person who receives a bill from a utility for electricity or gas purchased from such utility.

State Plan, the plan adopted by the ~~Executive Office~~ [Division](#) of Energy Resources (["DOER"](#)) specifying the program requirements, how they will be implemented, and who will carry them out under the Massachusetts residential ~~and commercial~~ energy conservation service ("ECS").

Third Party, any entity providing services as mandated ~~under Stby M. 1980, G.L. c. 465~~ [164, StApp. 1984, §§ 2-1 - 2-10 and M.G.L. c. 234](#) ~~25, § 11A~~, and the State Plan of which a utility company is an incorporator, sponsor or contractor.

Utility, any electric or gas company, as defined in M.G.L. c. 164, § 1.

Year, for purposes of the cost recovery of expenses for the ECS programs for each utility, the term year shall mean a period commencing ~~July~~January 1 and ending ~~June 30 for the next succeeding calendar year~~ December 31.

#### 7.02: Accounting Treatment of Expense Items

The expenses and costs attributable to providing any services under the State Plan by any utility or municipal load aggregator directly providing such services shall be expensed (for purposes of recovery) within Account 916 - Miscellaneous Sales Expense. Each of the expenses shall be maintained within a separate account within Account 916 which shall include but is not limited to the following subaccounts:

- (1) Program Announcements and Promotion Costs.
- (2) Public Information Costs.
- (3) Administrative and General Expenses associated with energy audits, list distribution, customer billing services, arranging installation or financing of energy conservation measures, and conciliation conference expenses.
- (4) Performance of energy conserving practices during an audit.
- (5) Labor Costs Related to an energy audit.
- (6) Post-installation expenses.
- (7) EOER and DPU (7) Division of Energy Resources and Department of Telecommunications and Energy cost assessments.

Further, each of the aforementioned subaccounts shall be segregated into the following categories:

- (a) one-to-four-unit residential audits;
- (b) multifamily residential audits;
- (c) commercial audits; and
- (d) implementation services.

Any third party providing such services shall maintain separate subaccounts in the same manner and form as prescribed in 220 CMR 7.02(a).

A utility or municipal load aggregator whose obligation is being discharged by a third party shall expense to Account 916 the total gross of such expenses billed to the utility by the third party for ECS expenses. Any expense directly incurred by a utility or municipal load aggregator shall be maintained in a separate subaccount within Account 916.

#### 7.03: Revenue Treatment

Any revenue attributable to the payments by a customer of a utility or municipal load aggregator for any services provided under the ECS program shall be accounted for in a subaccount within Account 456 (Other Electric Revenue) or Account 495 (Other Gas Revenues). Included within such subaccounts shall be all revenue attributed to an adjustment in rates as set forth in 220 CMR 7.06. A utility or municipal load aggregator shall maintain appropriate and separate subaccounts as approved by the Department within those accrual and deferral accounts which are necessary for the

associated balance sheet transactions.

#### 7.05: Annual Budget

- (1) -Each utility or third party or municipal load aggregator shall file with the Department no later than ~~May~~November first of each calendar year its proposed ECS operating budget for the year beginning on ~~July~~January first of ~~that~~the subsequent year. Said operating budget shall enumerate the income and expenses that will be necessary to carry out the State Plan during the forthcoming period.
- (2) ~~On May 13, 1981 and annually thereafter~~No later than November 1 of each calendar year, a gas utility shall file an application for an adjustment in its rates to recover the expenses contained in its operating budget or the expenses related to the operating budget of any third party providing ECS services for the period commencing ~~July~~January 1 of ~~that~~the subsequent year, together with any information necessary to calculate such rate adjustment. Such information shall be submitted in the form provided ~~in Appendix A of 220 CMR 7.00~~by the Department.
- (3) Approval of each utility's or third party's or municipal load aggregator's budget and the application for an adjustment in a utility's rates shall be decided after notice and public hearing.
- (4) For purposes of compliance with ~~St. 1980, c. 465, a utility's's~~M.G.L. c. 164, App. §§ 2-1 - 2-10, a utility's or municipal load aggregator's filing of its proposed budget or application for an adjustment in its rates earlier than the dates set forth in 220 CMR 7.05(a) and 7.05(b) shall not cause the statutory time period for hearings to be commenced.
- ~~(5) For purposes of cost recovery of the commercial audit expenses for the year ending June 30, 1986, each utility will be allowed to submit an operating budget for those expenses at such time as its implementation plan has been unconditionally approved by the Executive Office of Energy Resources.~~

#### 7.06: Cost Recovery

Each gas utility shall be allowed to collect from its from ratepayers an equal monthly charge based upon its approved operating budget. The charge shall be calculated at least yearly, unless otherwise ordered by the Department, and be put into effect on ~~July~~January 1 for the following 12-month period. The charge shall be based on the allowed expenses contained within the approved operating budget for that period. The charge shall be calculated on the amount of those expenses, less any revenues expected to be received under the ECS program during that period, divided by the total number of firm ratepayers of such utility. This amount shall be charged to

each ratepayer in equal monthly installments (or equal bi-monthly installments in the case of a utility which bills bi-monthly).

#### 7.07: Rate Treatment

The monthly or bi-monthly surcharge calculated in accordance with 220 CMR 7.06 shall be incorporated into the first block or step of each gas ~~or electric~~ company's rates or, where appropriate, such surcharge shall be incorporated into the monthly (or bi-monthly) customer charge.

===== An explanation of the ECS program shall be printed on a separate bill insert as approved by the Department and provided at least once each year to every customer of record, and to every customer of record when the customer is initially billed for service. The schedule for distribution of the ECS program inserts shall be filed in the Utility Implementation Plan at the time that the utility files its annual Utility Implementation Plan with the Division of Energy Resources.

#### 7.08: Rate Schedule

Such monthly charge shall be contained within a separate rate schedule to be filed by each gas utility with the Rates Division of the Department.

#### 7.09: Quarterly Reports

Each gas utility or third party shall file quarterly a report with the Department's Secretary on or before the 30th of the months of April, July, October, and January; ~~April and July~~ for the previous quarter of operation of the ECS programs. The reports shall contain a description of the activities performed pursuant to the State Plan, ~~and included under 850 CMR 4.18(3)(d)3, 850 CMR 5.11(2)(b) and 850 CMR 8.11(1)(d).~~ ~~An and 225 CMR § 4.00 et seq.~~ A gas utility annual report shall also be filed with the Department at the same time as the quarterly report due in July/January for ~~each~~ the previous year ~~of's~~ operation and shall contain the same information, on an annual basis, as required in the quarterly reports. The gas utility annual report shall also contain a breakdown of the expenses actually incurred by a utility or third party in the same format and detail that the proposed operating budget is submitted. Each electric company and municipal load aggregator shall file an annual report with the Department no later than September 1 addressing ECS costs and accomplishments from the previous calendar year.

#### 7.10: Annual Reconciliation

Each gas utility ~~company~~ shall take into account deficiencies or surpluses of revenues for such ECS expenses produced from the previous surcharge when submitting its proposed operating budget. This shall be considered the reconciliation period required for each gas utility. Such reconciliation shall be ~~reflected~~ included in the surcharge billed in the next succeeding year.

Each electric company and municipal load aggregator shall take into account deficiencies or surpluses of revenues for such ECS expenses produced from the previous calendar year when submitting its proposed operating budget. This shall be considered the reconciliation period for each electric utility and municipal load aggregator. Such reconciliation shall be reflected in the proposed operating budget for the next succeeding calendar year.

#### 7.11: Budget Amendment Procedures

A utility or municipal load aggregator may at any time, on its own motion or as may be required by the Department, petition the Department to amend its operating budget or surcharge. The Department may order such a change after notice and public hearing of such petition.

220 CMR 7.00: Appendix A

Residential Conservation Service (RCS)  
Surcharge Calculation Sheet

12-Month Period Ending June 30, 19\_\_

(1)	Proposed RCS Operating Budget	
	FY _____ (from page 2, line 12)	\$ _____
(2)	Estimated Direct Expenses*	\$ _____
(3)	Subtotal	\$ _____

Cumulative Reconciling Adjustment for Prior Periods

(4)	Cumulative RCS Expenses	\$ _____
(5)	Cumulative RCS Revenues	\$ _____
(6)	Net Difference (4 - 5)	
	(overcollection) undercollection	\$ _____

Estimated Reconciling Adjustment for Current Period (FY \_\_)

(7)	RCS Expenses Current Fiscal Year	
	____ Months Actual	\$ _____
(8)	____ Months Estimate	\$ _____
(9)	Subtotal	\$ _____
(10)	RCS Revenues Current (FY __)	
(11)	____ Months Actual	\$ _____
(12)	____ Months Estimate	\$ _____
(13)	Subtotal	\$ _____
(14)	Net Difference (9 - 13)	
	(overcollection) undercollection	\$ _____

FY ~~RCS Surcharge Calculation~~

~~\_\_\_\_\_ (15) Net amount to be Collected~~  
~~\_\_\_\_\_ in FY \_\_\_\_ (3 + 6 + 14) \_\_\_\_\_ \$ \_\_\_\_\_~~

~~\_\_\_\_\_ (16) Total Number of Bills to be Rendered~~  
~~\_\_\_\_\_ During FY \_\_\_\_ (from page 3) \_\_\_\_\_~~

~~\_\_\_\_\_ (17) RCS Surcharge (15 / 16)~~  
~~\_\_\_\_\_ (For FY \_\_\_\_) \_\_\_\_\_ \$ \_\_\_\_\_~~

~~\* \_\_\_\_\_ Direct Expenses Breakdown (itemize separately)~~

RCS Surcharge Calculation Sheet

12-Month Period Ending June 30, 19\_\_

(1)	General and Administrative		
(a)	Headquarters	\$	_____
(b)	Field Operations	\$	_____
	G&A Total		\$ _____
(2)	Implementation Services		\$ _____
(3)	Technical Services		
(a)	Auditing	\$	_____
(b)	Other RCS Services	\$	_____
	Technical Services Total		\$ _____
(4)	Multi-family		\$ _____
(5)	Marketing		\$ _____
(6)	Accounting/Legal/Insurance		\$ _____
(7)	Miscellaneous*		\$ _____
(8)	Operating Expenses Total	\$	_____
(9)	Income		
(a)	Audit Fees	\$	_____
(b)	Interest Income	\$	_____
(c)	Other Income	\$	_____
	Income Total	\$	_____
(10)	Net Operating Budget (8 - 9)		\$ _____
(11)	Allowance for EOER Assessment		\$ _____
(12)	Total Operating Budget, FY ____ (10 + 11)		\$ _____
	FY ____ budget allocation percentage equals		_____ %

\* Miscellaneous Expense Breakdown (List)



~~220 CMR 7.00: Appendix A: continued~~

RCS Surcharge Calculation Sheet

12-Month Period Ending June 30, 19

<u>Rate Classification</u>	<u>No. of Customers</u>	<u>Estimated No. of Bills to be Rendered</u>
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<u>12-month Total</u>		
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220 CMR 7.00: Appendix B

Commercial Conservation Service (CCS)  
Surcharge Calculation Sheet

12-Month Period Ending June 30, 19\_\_

(1)	Proposed CCS Operating Budget	
	FY _____ (from page 2, line 12)	\$ _____
(2)	Estimated Direct Expenses*	\$ _____
(3)	Subtotal	\$ _____

Cumulative Reconciling Adjustment for Prior Periods

(4)	Cumulative CCS Expenses	\$ _____
(5)	Cumulative CCS Revenues	\$ _____
(6)	Net Difference (4 - 5)	
	(overcollection) undercollection	\$ _____

Estimated Reconciling Adjustment for Current Period (FY \_\_)

(7)	CCS Expenses Current Fiscal Year	
	____ Months Actual	\$ _____
(8)	____ Months Estimate	\$ _____
(9)	Subtotal	\$ _____
(10)	CCS Revenues Current (FY __)	
(11)	____ Months Actual	\$ _____
(12)	____ Months Estimate	\$ _____
(13)	Subtotal	\$ _____
(14)	Net Difference (9 - 13)	
	(overcollection) undercollection	\$ _____

FY ~~CCS Surcharge Calculation~~

~~\_\_\_\_\_ (15) Net amount to be Collected~~  
~~\_\_\_\_\_ in FY \_\_\_\_\_ (3 + 6 + 14) \$ \_\_\_\_\_~~

~~\_\_\_\_\_ (16) Total Number of Bills to be~~  
~~\_\_\_\_\_ Rendered During FY \_\_\_\_\_ (from page 3) \_\_\_\_\_~~

~~\_\_\_\_\_ (17) CCS Surcharge (15 / 16)~~  
~~\_\_\_\_\_ (For FY \_\_\_\_\_) \$ \_\_\_\_\_~~

~~\* \_\_\_\_\_ Direct Expenses Breakdown (itemize separately)~~

CCS Surcharge Calculation Sheet

12-Month Period Ending June 30, 19\_\_

(1)	General and Administrative		
(a)	Headquarters	\$	_____
(b)	Field Operations	\$	_____
	G&A Total		\$ _____
(2)	Implementation Services		\$ _____
(3)	Technical Services		
(a)	Auditing	\$	_____
(b)	Other CCS Services	\$	_____
	Technical Services Total		\$ _____
(4)	Marketing		\$ _____
(5)	Accounting/Legal/Insurance		\$ _____
(6)	Miscellaneous*		\$ _____
(7)	Operating Expenses Total	\$	_____
(8)	Income		
(a)	Audit Fees	\$	_____
(b)	Interest Income	\$	_____
(c)	Other Income	\$	_____
	Income Total		\$ _____
(9)	Net Operating Budget (7 - 8)	\$	_____
(10)	Allowance for EOER Assessment		\$ _____
(11)	Total Operating Budget, FY ____ (9 + 10)		\$ _____

FY \_\_\_\_ budget allocation percentage equals \_\_\_\_\_%

\* Miscellaneous Expense Breakdown (List)

220 CMR 7.00: ~~Appendix B: continued~~

CCS Surcharge Calculation Sheet

12-Month Period Ending June 30, 19

<u>Rate Classification</u>	<u>No. of Customers</u>	<u>Estimated No. of Bills to be Rendered</u>
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<u>12-month Total</u>		
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REGULATORY AUTHORITY

220 CMR 7.00: ~~St~~M. ~~1980~~,G.L. c. ~~465~~.164 App. §§ ~~2-1 - 2-10.~~